Secta. IX-27—100,006—21-5-52.

FINANCE (195 48) Department.

MS SERIES.

G.O. No1239.

Dated 27-12-1948

[Despatch Abstract.]

SMALL SAVINGS SCHEME - PROVINCIAL COOPERATION IN DEVELOPING SMALL SAVINGS MOVEMENT - PROCEEDINGS OF FINANCE MINISTERS CONFERENCE HELD ON 30 AND 31-10-1948 - RECORDED.

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REGISTERED.

Copy of letter
No.F.15(1)-P/48.
Government of India.
Ministry of Finance.
New Delhi, the 6th December, 1948.

From

P.C.Bhattacharyya, Esquire,
Joint Secretary to theGovernment of India.

To

The Financial Secretaries of all Provincial Governments.

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FINACE MINISTERS CONFERENCE.

Sir,

I am desired to enclose herewith four copies of the proceeding of the Finance Ministers Conference held on the 30th and 31st October, 1948 together with a list of important points decided at the conference for the information of the Honourable Minster for finance and necessary action by the Provincial Government

*2. The Government of India would be glad to have at an early date the view of the Provincial Government on the report of the Official Committee in regard to informity of Sales tax on specified commodities (Appendix IX of the proceedings)

* Madras & C.P & Berar. only.

Yours faithfully,

Sd..

Joint Secy.to the Govt.of India.

LIST OF IMPORTANT POINTS DECIDED AT THE PROVINCIAL FINANCE MINISTERS CONFERENCE.

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List of Agenda.	Points decided.	Action.
Item 7. Provincial Cooperation in developing the small savings movement.	The Central View of the Conference was that the system of authorised agents would be revived if the movement was to be developed.	Action Central Govt. (Ministry of Finance).

/True Copy/

Proceedings of the meeting of the Conference of Finance Ministers held on Saturday, the 30th October 1948, and Sunday, the 31st October, 1948.

V. Provincial Co-operation in developing the small savings movement (item 7 of the Agenda).

47. The Chairman explained that the three points for consideration were (a) the populariasation of the scheme in rural areas, (b) the extension of publicity in Indian Language papers, and (c) the revival of the system of having authorised agents.

48. The Premier of West Bengal proposed that non-official agencies like village panchayat and Union Boards should be supplemented by radio, magic lantern and cinemas. He was against getting the movement mixed up with political organisations and thought that the approach should be through social organisations, village panchayats, Union-Boards, etc. He agreed that some payment in the form of commission or salary would be necessary and the abuse of collusive purchases for earning commission might be avoided by deferring the payment for a specified time. He also suggested that an increase of interest on Small savings might produce more money.

Kutilised and publicity through vernacular papers should be

49. The Minister for Transport suggested that it would assist the movement if in each province the Premier could choose a minister with the largest mass appeal and include the developing of small savings in his protfolio.

50. The Finance Minister of Bombay mentioned that the disappearance of the authorised agents had affected subscriptions in his province. He was in favour of its revival with certain modifications. The Commission to the agents should be on a sliding scale, with a higher rate for collections of small denominations. The persons selected as authorised agents should be asked to put in a ;eriod of apprentice ship and should form a prescribed number of savings groups.

51. The Premier of United Province suggested that the interest rate should be raised and the system of authorised agensts revived. He also proposed that a new certificate which could be given readily at the spot by the man who collects the money should be introduced. Organisations whether political or non-political, should be asked to co-operate and wherever possible co-operative socieities should be formed under local bodies for this purpose.

52. The premier of East Punjab was not in favour of the system of authorised agents. In his view the movement should be devleoped through provincial committees and popular organisations like Congress, Kisan Sabhas.

53. The Prime Minister of Orissa expressed the view that the movement would continue to be unpopular under its present name as after the flavour it acquired in the war years there was still a large measure of hostility to it. He was supported by a number of others in the suggestion that the name should be changed.

54. The Finance Minister of Madras siad that the present system with the National Savings Commissioner at Simla would not work. The provincial Government must be made responsible for this and the recent changes in the administrative set up of the organisation were not conductive to the development of the movement. The Provincial Governments were vitally interested in the scheme and would like it developed in close co-operation with the district officers.

55. The Finance Minister of Central Province stressed the need for better facilities for encashment if the movement is not to suffer a setback. The middle classes always wished to keep their savings readily available and difficulties in the way of encashment deter them from investing their money. He also suggested that a large number of agencies should be set up outside Post Officers for the sale of the certificates without the investers having to go to the post offices. The Certificates should also be made more negotiable. In his view it was essential to revive the system of authorised agents if the movement was to be developed. Provincial Government were keen on co-operating with the centre in this matter.

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ANNEXURE VII.

Provincial Co-operation in developing the Small Savings Movement.

Ever since the inception of the samll savings movement in 1943 the Central Government have been inclose touch with the Provincial Governments in fostering and developing the movement. Although the movement is sponsored by the Central Government, the Provincial Governments are also interested in it as the prosperity of the middle and lower middle classes for whom the movement is intended is a matter of as vital a concern to the Provinces as to the Centre. The assistante of the Provincial Governments and their administrative services, particularly in the rural areas, is also indispensable to the success of the movement. It is the intention of Government to maintain this close cooperation and to avail themselves of the assistance of the Provinces in every way in fostering and developing the movement.

2. The administrative set-up of the movement was recently reorganised and to secure a closer integration the Provincial organisations, which were under the administrative control of the Provinces although the cost was met by the Centre, have been taken over under direct Central control. The system of employing authorised agents has been discontinued. It is proposed to concentrate on propoganda and publicity for developing and sustaining the movement. In the earlier years substantial sums were collected through small savings but recently there has been a large drop in the net receipts. The movement has not spread to any appreciable extent in the rural areas without which, in the conditions of this country, it cannot claim to be nation-wide. In other countries, notably the United Kingdom, the formation of small savings groups in both the urban and rural areas is the backbone of the movement but in this country this has not taken root. It is necessary to concentrate on these two deficiencies in the intensified campaign for small savings.

3. The Government of India have addressed the Provincial Governments (No.13815-B/48 dated 6.10.48) officially asking for their assitance in intensifying the campign for small savings. In connnection with this the following points may be usefully discussed at the ensuing conference of Finance Minister.

(a) The Government of India would require the assistance of the Provincial Governments in securing suitable personnel for the Provincial and District organisations in each Province.

(b) On the publicity and propaganda side more attention will have to be given to the vernacular papers which now reach a widening circle of readers. In the rural areas, where the bulk of the population is illiterate the publicity has to be organised on lines different from those in the urban areas where a large part the population is literate. The Provincial Governments may assist in this both administratively (by making their publicity organisation available) and with suggestions based on knowledge of local conditions.

(c) While it is not the intention to introduce any element of compulsion through the revenue or other officials, it is necessary for the district and local officers actively to assist in publicity and in organising savings groups in the rural areas.

(d) To create the necessary public interest in the movement it is desirable to organise Provincial, District and Local National Savings Committee where such Committees do not exist with well known public men on them to run Savings weeks, competitions etc. In the organisation of such Committees the assistance of the Provincial Governments and their officers will be required.

(e) Threr has been some criticism that the abolition of the system of authorised agents was a retrograde step, likely to affect the development of the movement. The decision to abolish the authorised agency system was taken after very careful consideration. In reaching this decision Government were influenced by

by the fact that the authorised agents mainly functioned in urban areas and left the rural areas untouched, that the rate of remuneration (2¼%) was unduly high and that there was probably a considerable amount of artificial sale of National Savings Certificates which were brought to enable the authorised agents to earn their commissions and were subsequently disposed of at the earliest possible moment. It has been suggested that some kind of paid agency is essential for stimulating the sales of certificates and for running savings groups and that while the previous system was oepn to abuse it should be reintroduced with modifications (such as a reduced commission) and with suitable safeguards against abuses. The views of Provincial Ministers in the matter may be ascertained.

(f) A suggestion ahas also been received that the good offices of non-official committees like Kisan Sabhas and District and local Congress Committees should also be utilised for developing the movement. While Government would welcome such unofficial cooperation they have to guard against the danger of the movement being too closely linked with any particular organisation or organisations. The views of Provincial Ministers on the best method of utilising such popular organisations may be obtained.

/True copy/

Finance (Ways and Means).

Sub: Provincial Cooperation in developing Small Savings Movement - Proceedings of Finance Ministers' Conference held on 30 & 31-10-48.

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Please see the proceedings of the Finance Ministers Conference on pages 32-33* above and the list of important points decided at the Conference on page 31 above.

* see proceedings (No. 47 to 54) (enclosed.)

With regard to the Provincial cooperation in developing the Small Savings Movement, the Conference decided that the system of authorised agents should be revived if the movement was to be developed and further action on the subject rests with the Government of India, Ministry of Finance. The extent of Provincial cooperation in developing the movement will presumably be indicated by the Government of India when their orders for reviving the system of authorized agents are communicated to this Government. Necessary action will be taken in due course on receipt of further communication from the Government of India. No action is necessary at present. A copy of the proceedings together with the list of important points decided may be communicated to the Provincial National Savings Officer for information and the papers recorded as G.O.

A draft order is submitted for approval.

Sd.. 27/4/48.

(Issued as G.O.No.1239 Finance D/27-1248).

/ True Copy/

Finance (Ways and Means)

Sub: Provincial Cooperation in developing Small Savings Movement - Proceedings of Finance Ministers' Conference held on 30 and 31-10-48 - Recorded.
Ref: From the Government of India, Ministry of Finance New Delhi, letter No.F.15 (1)-P/48 dated 6-12-48.

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G.O.NO.1239 FINANCE DATED 27-12-48.

O R D E R:

R E C O R D E D.

Sd.. 27/12/48.

To the Provincial National Savings Officer, Madras. (with a copy of the proceedings and list of important decisions).
To the Chairman, M.N.S.C., Madras. — " —
Copy to the National Savings Commissioner, Simla. — " —

/True Copy/

SUPERINTENDENT.
-6-1953.
Madras Record Office.

KP.23/6/53.

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